

Message Text

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11

ORIGIN AF-18

INFO OCT-01 ISO-00 EA-11 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 AGR-20

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DRAFTED BY:AF/E:TJBURKE:BR

APPROVED BY:AF/E:WBCOOTE

EA/ROC- MR. MOYLE (DRAFT) - EA/PRCM - MR. ROMBERT (DRAFT)

AF - AMB. ROSS (DRAFT)

ANALYSIS NOTE: REENTERED FOR MISSING LINE AND DOUBLE LINES

----- 129378

R 292031Z JAN 74

FM SECSTATE WASHDC

TO AMEMBASSY BLANTYRE

INFO USLO PEKING

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 018822

E.O. 11652: GDS

TAGS EFIN

SUBJ: VIPYA PULPWOOD PROJECT

1. WORKING LEVEL OFFICER CHASE MANHATTAN BANK TELEPHONED AF/E JANUARY 28 TO INQUIRE WHETHER DEPT BELIEVED GOM MIGHT BE AMENABLE TO SUBSTANTIAL PARTICIPATION (PERHAPS DOLS 80-100 MILLION OF TOTAL ESTIMATED COST DOLS 160 MILLION) BY PEOPLES REPUBLIC OF CHINA (PRC) IN VIPYA PROJECT. OFFICER INDICATED THAT CHASE WAS TENTATIVELY THINKING OF CHINESE FINANCIAL AND TECHNICAL PARTICIPATION IN LIGHT OF (A) DIFFICULTY FORESEEN IN RAISING SUBSTANTIAL AMOUNT OF DEBT FINANCING FOR PROJECT AND (B) EXISTING EVIDENCE OF CHINESE INTEREST IN EAST AFRICA (I.E. TAN-ZAM RAILROAD). CHASE HAS NOT YET DISCUSSED THIS IDEA WITH ANY ONE EXCEPT THE DEPARTMENT.

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2. DEPOFF OUTLINED BRIEFLY DR. BANDA'S PAST ATTITUDES TOWARD ALL COMMUNIST REGIMES AND INDICATED HIS PERSONAL BELIEF THAT GOM WOULD NOT REPEAT NOT BE INTERESTED IN PRC PARTICIPATION. HOWEVER, HE ADDED THAT IF PRC WOULD BE PREPARED PROVIDE SUBSTANTIAL INVESTMENT WITHOUT WHICH VIPYA PROJECT MIGHT NOT GET OFF GROUND OR WOULD BE SUBSTANTIALLY DELAYED THERE WAS REMOTE POSSIBILITY THAT GOM MIGHT ACCEPT CHINESE INVOLVEMENT. DEPOFF TOLD CHASE OFFICER THAT DEPT WOULD ASK EMBASSY BLANTYRE FOR IN-HOUSE ASSESSMENT OF PROBABLE GOM REACTION TO SUCH PROPOSAL AND CAUTIONED THAT PENDING EMBASSY RESPONSE IT WOULD BE ADVISABLE NOT REPEAT NOT TO APPROACH CHINESE. CHASE OFFICER WAS IN FULL AGREEMENT.

3. CHASE OFFICER INDICATED THAT GOM HAD DISCUSSED PROJECT WITH REPUBLIC OF CHINA (ROC) REPRESENTATIVES BUT THAT THUS FAR NO INTEREST HAD BEEN SHOWN BY ROC OR PRIVATE SECTOR.

4. DEPT WOULD APPRECIATE RECEIVING EMBASSY'S ASSESSMENT OF PROBABLE GOM REACTION TO PROPOSAL THAT PRC PARTICIPATE IN VIPYA PROJECT. IN ADDITION, REQUEST THAT EMBASSY INDICATE WHAT IF ANY POLITICAL CONSEQUENCES IT FORESEES IF SUCH CHINESE PARTICIPATION WERE TO TAKE PLACE. EMBASSY SHOULD NOT CONSULT WITH GOM. KISSINGER

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Message Attributes

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